

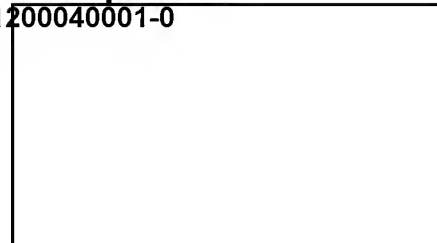


Director of
Central
Intelligence

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National Intelligence Daily (Cable)

5 March 1979

State Dept. review completed

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National Intelligence Daily (Cable)

Contents

Situation Reports

China-Vietnam-USSR 1

Iran 5

Briefs and Comments

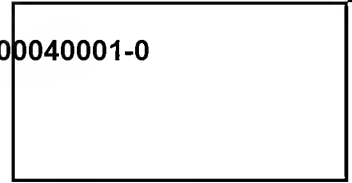
Saudi Arabia - USSR: *Warming Relations*. 7

Egypt: *Warning to Religious Right* 9

Turkey: *EC Program*. 10

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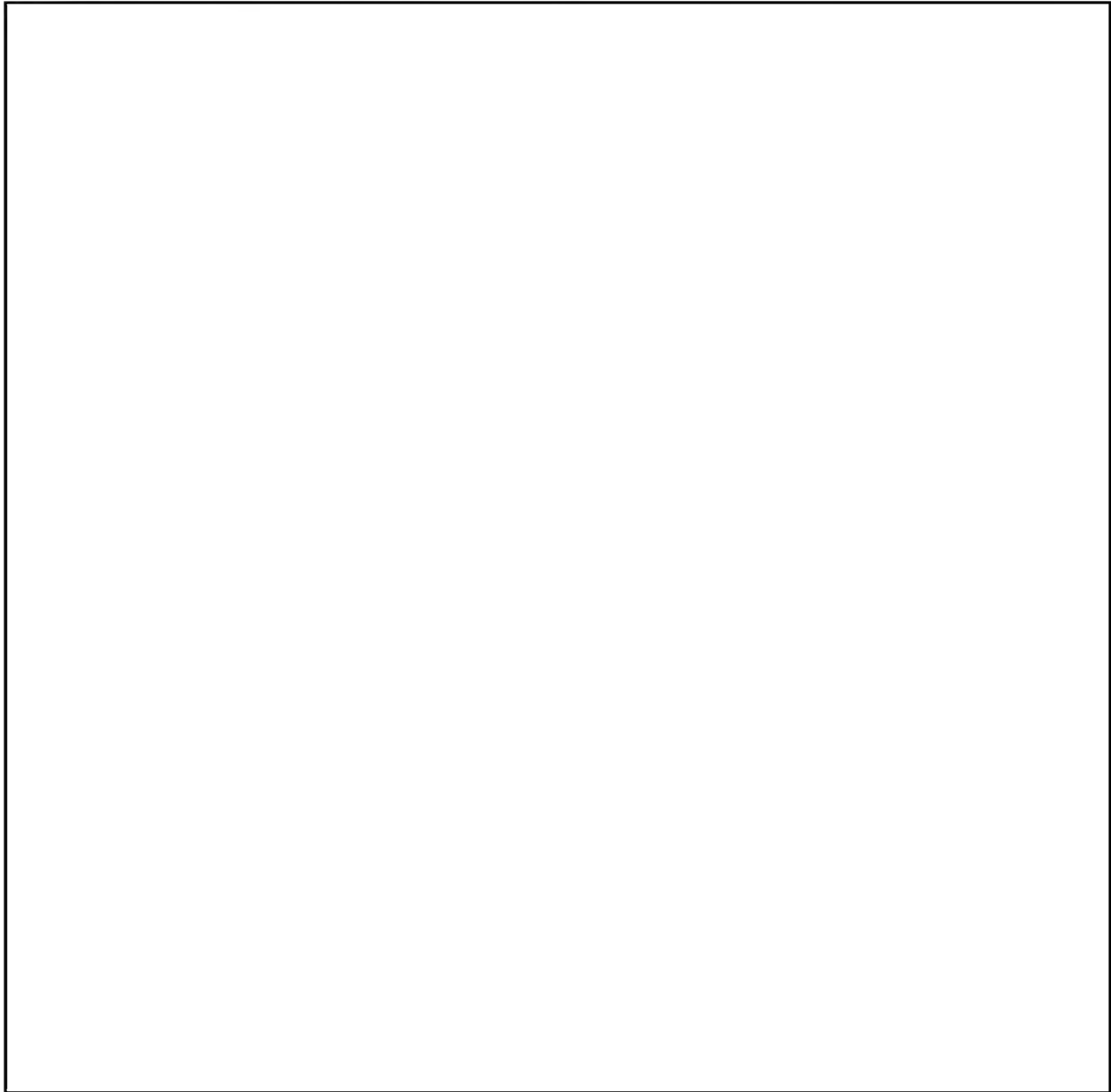
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SITUATION REPORTS

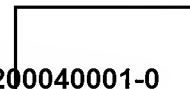
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CHINA-VIETNAM-USSR



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Hanoi yesterday issued an authoritative and sweeping call for the entire populace to gird for war. The appeal by the Vietnamese Communist Party claimed that the Chinese "are still belligerently expanding the war. Fighting is continuing fiercely." The party also bid for foreign support, appealing "urgently and earnestly" for other countries and parties "to act promptly to check" China's policy of "war adventurism." The call for the entire population to rise up suggests Vietnam either intends to engage the Chinese in heavy fighting before they have a chance to withdraw or is laying the groundwork to portray a withdrawal as a retreat. [REDACTED]

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The Vietnamese appeal came amid some conflicting indications regarding Chinese plans for a withdrawal. Chinese Premier Hua Guofeng is said by press reports to have told UK Industry Minister Varley yesterday that China will withdraw "shortly." Vice Premier Li Xiannian is also reported by the press to have said yesterday that China's objectives in Vietnam are "almost achieved" and Beijing intends to pull out. Li warned, however, that Vietnamese attacks during or after the withdrawal will trigger a renewal of the invasion. A ranking Chinese Foreign Ministry official told [REDACTED] Saturday that the withdrawal would "take some time." (S)

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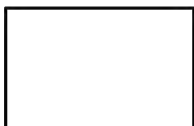
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Soviet propaganda has quickly echoed President Brezhnev's statements of determination on Friday to pursue detente despite the Indochina situation. Commentators on Radio Moscow's weekly International Observer's Roundtable claimed that Brezhnev's March 2 speech "infused new optimism and a new faith that detente is indeed the right path" and concluded that "detente can and must prevail."

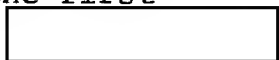
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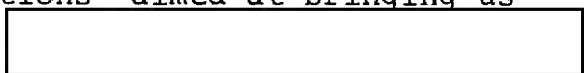
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The commentators appeared to be attempting to answer the implicit question of why the Soviet Union continues to seek good relations with those whom Soviet propaganda has accused of "connivance" with China. During the commentary, "NATO and the ruling circles of the US who are whipping up the arms race" were strongly condemned, but the main attack was directed against China, whose actions in Vietnam are "bullets in the flesh of detente." Thus, "new hitches in disarmament," such as the postponement or failure of SALT, would serve the interests of the Chinese leaders "who would like to see in this the first practical result" of their attack on Vietnam.



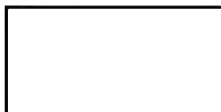
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A further elaboration of this theme is contained in a *Pravda* article today by senior commentator Yuri Zhukov summarized by TASS. Zhukov wrote of the "legitimate satisfaction" of the Soviet Union that it had not given in to Chinese provocations "aimed at bringing us into conflict with the US."



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IRAN

Ayatollah Khomeini announced over the weekend two new appointments designed to strengthen the Bazargan government's authority. The government seems to be thinking positively about retaining a reduced US military presence but faces stiff opposition. [REDACTED]

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//The Tehran press announced on 3 March that Khomeini had named a "public prosecutor," Mahdi Hadavi, to regularize the handling of former officials' trials. [REDACTED]

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[REDACTED] revolutionary committees throughout the country have been ordered to turn over their prisoners to the Justice Ministry; apparently those in Tehran have already been transferred. [REDACTED]

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//Khomeini also appointed Mohammed Reza Mehdavi-Kanni to control the committees. Kanni, who will operate out of Bazargan's office, said yesterday that one of his first actions will be to issue new credentials identifying persons who have authority to maintain security. Controlled by Kanni from Tehran, new committees, chaired by clergymen, will be established in all the provinces.//

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[REDACTED] Tehran press reports, quoting Deputy Prime Minister Entezam, yesterday said that committees in Shiraz had already been "dissolved," but the government will have a hard time deactivating all of these militant groups.// [REDACTED]

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Those pressing for a strong "revolutionary national guard" see the guard as the only way to ensure the revolution and control the regular military. These groups want continued purges of officers and a complete rooting out of any US influence in the armed forces.

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Chief of Staff Qarani pronounced Iran a "confrontation state" with regard to Israel, in an interview quoted in a Kuwaiti newspaper, and the government has notified the UN that Iranian troops will be withdrawn from the Golan Heights as soon as possible. And, yesterday, the Foreign Ministry severed ties with South Africa.

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BRIEFS AND COMMENTS

SAUDI ARABIA - USSR: Warming Relations

//Saudi Foreign Minister Prince Saud's remarks published Friday implied his desire publicly to put some distance between Riyadh and Washington. Prince Saud and Crown Prince Fahd have differed on some foreign policy questions--but Saud's sanguine comments about Persian Gulf stability and Soviet intentions were strikingly at variance with the Saudis' private assessments to US officials.//

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There was no indication by Prince Saud that Riyadh intends to enter into diplomatic relations with the Soviet Union anytime soon. Saud did state, however, that his government had no objection to trade. He seemed to deny the likelihood of Soviet commercial agencies for Saudi Arabia; such agencies normally are established after a commercial relationship is established. The Soviet Ambassador in Baghdad stated two weeks ago that Soviet trade experts would visit Saudi Arabia "in the near future," and reiterated Soviet willingness to establish diplomatic relations.

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//Saud's statements suggest that the Saudis, doubting that the US will adequately meet the Soviet challenge, are moving to expand their political options. We believe the Saudis have concluded that the future is not bright for regimes openly dependent on US support. The Saudis have noted that Iraq and Syria seem to have maintained their independence despite a close relationship with the USSR. The Saudis' bid for US help for North Yemen is not inconsistent with their simultaneously adjusting their foreign policy to the reality of Soviet influence.//

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We do not believe that Saud's statements should be interpreted solely as an effort to press the US to be more solicitous of Saudi concerns; the Saudis do not usually apply such pressure publicly. They have warned the US for almost two years that they would be forced to "come to terms with realities" if the US did not shake its post-Vietnam complex and more effectively meet the Soviet challenge in the Third World.

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EGYPT: Warning to Religious Right

President Sadat has warned religious extremists in Egypt that he will not allow a mixing of religion and politics. [REDACTED]

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Sadat reversed his previously tolerant attitude toward the activities of Egypt's still outlawed Muslim Brotherhood last week in speeches to labor and university groups. Sadat attacked the Brotherhood openly and directly, referring to its "terrorist" past and warned that he would not permit its resurgence. [REDACTED]

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Sadat is reacting to increasingly strident attacks on his government and Egyptian social conditions. Tapes of sermons, circulating in Cairo, by a popular Brotherhood spokesman criticize the government and Sadat's wife for corruption, describe Christians--about 4 million live in Egypt--and the West as enemies of Islam, and implicitly compare the Sadat government to that of the Shah and Egyptian ex-King Farouk. The official Islamic establishment--appointed by the government--is also attacked. [REDACTED]

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Sadat's efforts to defuse this problem will likely also include some accommodation, at least on the social front. A few provincial officials have already moved in that direction, ordering more conservative dress codes for women, and banning the use of alcohol. Youth patrols reportedly have been organized to ensure enforcement of these orders. [REDACTED]

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Sadat, in one speech, also defended his renewed invitation to the Shah to visit Egypt, terming his critics a small group. Many of the politically informed believe the invitation will damage Egypt's interests, while the religious right is quick to draw comparisons between the Shah and Sadat. [REDACTED]

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TURKEY: EC Program

//The European Community (EC) Foreign Ministers tomorrow will consider a package of trade and financial measures for Turkey that Ankara has already criticized as insufficient; prospects are not bright that the EC will increase the offer substantially.//

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//The proposals include about \$1.2 billion in medium- and long-term project financing and \$135 million for training Turkish workers now in EC countries. These proposals fall far short of Turkey's request for \$8 billion over five years, and the EC will not liberalize restrictions on the entry of Turkish workers and textile products. EC institutions are not empowered to give the kind of immediate, direct budgetary assistance Turkey needs, and intra-EC differences on agricultural policies restrict possible concessions in that sector.//

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//The OECD multilateral effort to provide \$500-\$600 million has been delayed by the reluctance of the "Guadeloupe" powers to commit funds at sufficient levels and the continuing refusal of the Turks to institute tough economic reforms required by the IMF. Turkish Finance Minister Muezzinoglu was scheduled to meet with OECD Secretary General Van Lennep and West German State Secretary Hermes last Friday to inform them of the "halfway" economic measures his government is willing to implement.//

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//Turkish Premier Ecevit is using the EC stance and the fading of the "Guadeloupe spirit" to reduce criticism of planned new economic steps. Earlier last week, he announced he would soon ask the public for new sacrifices in light of the West's lack of response to Turkey's plight. Such statements will tend to diminish further the West's standing among Turks.//

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